



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JULY 9, 2015

Public Utility Districts can produce and sell renewable natural gas

Effective July 24, 2015, a new law allows public utility districts (PUDs) to produce and sell renewable natural gas at wholesale, or to an end-use customer.

[Engrossed Senate Bill 5424 \(Chapter 31, Laws of 2015\)](#)

Definition

“Renewable natural gas” is largely made up of methane and other hydrocarbons that come from organic material decomposition. These materials are in landfills, wastewater treatment facilities, and anaerobic digesters.

What can PUDs do under this new law?

- Produce and sell renewable natural gas at wholesale and at retail
- Transfer renewable natural gas to facilities that compress, liquefy, or dispense compressed natural gas for use as a transportation fuel
- Own and/or operate pipelines and/or facilities that make compressed natural gas (**CNG**) or liquefied natural gas (**LNG**) if the pipelines and facilities are located in the county where the PUD provides service.

How do taxes apply?

- *Transportation Fuel* - See our Special Notice on the taxability of [Compressed Natural Gas and Liquefied Natural Gas Used as Transportation Fuel](#).
- *Fuel produced and sold for other use* - If a PUD produces and sells renewable natural gas that is sold but not used as transportation fuel, the PUD is subject to the public utility tax on any sales to end-users. The brokered natural gas tax will not apply to end-users on the sales when PUD has been paid.

References

- RCW 82.04.310; 82.04.120; 82.16.310; 82.12.022; 82.08.0261; 82.08.02565; 82.12.02565
- [Engrossed Substitute Senate Bill 6440 \(Chapter 216, Laws of 2014\)](#).

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